Top Issues in American Higher Education, Michigan in Context

MASU Legislative Luncheon
March 15, 2017 / Christman Building, Lansing

Daniel Hurley, Chief Executive Officer
Bob Murphy, Director of University Relations & Policy
Agenda

• Critical issues in American higher education
• Open dialogue

Presentation available at masu.org
Michigan’s 15 Public Universities

- Enroll nearly 300,000 students
- Oldest: UM—1817
- Youngest: SVSU—1963
- FY 2016: More than 71,000 degrees, certificates & awards granted
- Students from every county, state, & continent
- 1.3 million alumni in MI – 62% of all residents with a bachelor’s degree or higher

1,662 years of collective service to the citizens of Michigan.
University Governance

• 8-Member Governing Boards
  • Gubernatorially-appointed
  • Statewide-elected (MSU, UM, WSU)
  • Leaders from private & non-profit sectors

• State constitutional autonomy
• Flexible, responsive, efficient

Article VIII, Section 5 of Michigan’s 1963 Constitution

Each board shall have general supervision over its institution and the control and direction of all expenditures from the institution’s fund.
Local, State & Global Impact

- Innovation & Entrepreneurialism
- Research & Development
- Environmental Sustainability
- Health Care
- K-12 Outreach
- Public Safety & Veteran Outreach

- Civic Engagement & Education
- Student Service and Outreach
- Culture and Placemaking
- Faculty Perspective and Expertise
- Flint Water Crisis
- Global Outreach
Higher Education: The Key to Prosperity in a Knowledge Economy

**U.S. JOB GAINS SINCE 2010**

The economy has added 11.6 million jobs since the Great Recession. 99% of those jobs have gone to workers with at least some college. 72% have gone to those with a 4-year degree or beyond. Less than 1 percent went to those with a high school diploma or less.

- Bachelor’s degree or more: 8.4 million
- Some college/associate degree: 3.1 million
- High school or less: 80,000

*Georgetown University study, America’s Divided Recovery, 2016*
Of the top 50 good paying, growing occupations in Michigan through 2024: 43 require some college, and 36 require a bachelor’s degree or higher

Michigan Bureau of Labor Market Information and Strategic Initiatives. Milmi.org
The Most Prosperous States Have the Most College Graduates

Source: Bureau of Economic Analysis, REIS. American Community Survey, Decennial Census.
### Earnings & Employment Rate by Educational Attainment

<table>
<thead>
<tr>
<th>Educational Attainment</th>
<th>Median Weekly Earnings</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional degree</td>
<td>$1,730</td>
<td>1.5%</td>
</tr>
<tr>
<td>Doctoral degree</td>
<td>$1,623</td>
<td>1.7%</td>
</tr>
<tr>
<td>Master's degree</td>
<td>$1,341</td>
<td>2.4%</td>
</tr>
<tr>
<td>Bachelor's degree</td>
<td>$1,137</td>
<td>2.8%</td>
</tr>
<tr>
<td>Associate degree</td>
<td>$798</td>
<td>3.8%</td>
</tr>
<tr>
<td>Some College, no degree</td>
<td>$738</td>
<td>5.0%</td>
</tr>
<tr>
<td>High school diploma</td>
<td>$678</td>
<td>5.4%</td>
</tr>
<tr>
<td>Less than a high school diploma</td>
<td>$493</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

*Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers. Source: U.S. Bureau of Labor Statistics, Current Population Survey*
The Goal:

60% of Michigan Residents to have a Postsecondary degree or credential by 2025.

Reaching for Opportunity

An Action Plan to Increase Michigan's Postsecondary Credential Attainment

Good News on Educational Attainment in Michigan, Associate’s degree or above:

2008: 35.7%
2014: 39.3% (+3.6%)

43.3% when including high-quality certificates

Educational Attainment

More Info at:

mitalentgoal2025.org
Challenge: Demographics and Migration

Production of High School Graduates in Michigan

2010 – 2015: Nearly 20,000 fewer H.S. Grads Annually
19% drop

Source: Knocking at the College Door, 2015, Western Interstate Commission for Higher Education
Challenge: Demographics and Migration

Age Groups, Rates of Change, Michigan Residents, By Prosperity Region

Michigan College Enrollment Trends

Total Students 2008-2016

• Community colleges: -15.6%
• Independent colleges: -14.9%
• Public universities: +1.0%
  • +4.7% among undergraduates
  • Fall 2016: +5.3% among full-time freshmen
Opportunity: Adult Non-Degree Completers

Percent of Michigan Adults, Aged 25-64, with Some College, No Degree

Source: 2009-2013 American Community Survey 5-Year Estimates
Opportunity: Out-of-State & International Enrollment

International Student Enrollments: Midwest Regional States

<table>
<thead>
<tr>
<th>State</th>
<th>Annual Growth</th>
<th>National Rank</th>
<th>2015-16 Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois</td>
<td>8.1%</td>
<td>#5</td>
<td>50,327</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>6.0%</td>
<td>#6</td>
<td>48,453</td>
</tr>
<tr>
<td>Ohio</td>
<td>5.6%</td>
<td>#8</td>
<td>37,752</td>
</tr>
<tr>
<td>Michigan</td>
<td>5.7%</td>
<td>#9</td>
<td>33,848</td>
</tr>
<tr>
<td>Indiana</td>
<td>4.0%</td>
<td>#10</td>
<td>29,219</td>
</tr>
</tbody>
</table>

Michigan higher education: A more than $1 billion annual export industry

Source: IIE, NAFSA
State Investment in Higher Education
--A Recent Review--

• 15% cut in FY 2012, followed by 5 consecutive years of re-investment in university operating support (appropriations)
• Flat funding of Michigan Competitive Scholarship for past 7 years (state financial aid for students attending private & public colleges)
• FY 2018 Budget Recommendation:
  • Collective restoration of state operating support
  • $8 million increase in MCS
Almost $1 billion reduction in inflation-adjusted state higher education and student aid funding since 2002

MI ranks 39th in per capita state fiscal support for higher ed

State University Operating Support

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding</th>
<th>Per Full-Time Student</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$2.1 Billion</td>
<td>$9,387</td>
</tr>
<tr>
<td>2016</td>
<td>$1.36 Billion</td>
<td>$5,217</td>
</tr>
</tbody>
</table>

....a 44% decrease in state funding per-student (inflation-adjusted)
Cuts in State Support Have Hurt College Affordability

<table>
<thead>
<tr>
<th>State Spending from State Resources</th>
<th>2001-02</th>
<th>2016-17</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Health and Human Services</td>
<td>$4,296</td>
<td>$6,669</td>
<td>49.6%</td>
</tr>
<tr>
<td>Corrections</td>
<td>$1,653</td>
<td>$1,988</td>
<td>20.1%</td>
</tr>
<tr>
<td>K-12 School Aid</td>
<td>$11,221</td>
<td>$12,343</td>
<td>8.9%</td>
</tr>
<tr>
<td>Community colleges</td>
<td>$320</td>
<td>$395</td>
<td>27.0%</td>
</tr>
<tr>
<td><strong>Higher education</strong></td>
<td>$1,941</td>
<td>$1,481</td>
<td>-19.5%</td>
</tr>
<tr>
<td>Revenue sharing</td>
<td>$1,517</td>
<td>$1,229</td>
<td>-15.3%</td>
</tr>
<tr>
<td>All other</td>
<td>$5,139</td>
<td>$6,891</td>
<td>38.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$26,087</td>
<td>$30,998</td>
<td>19.1%</td>
</tr>
<tr>
<td>Federal Funding</td>
<td>$11,243</td>
<td>$22,661</td>
<td>85.4%</td>
</tr>
<tr>
<td>Michigan Personal Income</td>
<td>$301,496</td>
<td>$449,394</td>
<td>43.0%</td>
</tr>
<tr>
<td>Detroit CPI</td>
<td>178</td>
<td>224</td>
<td>21.7%</td>
</tr>
</tbody>
</table>

*Senate Fiscal Agency, not adjusted for inflation*
State Support and Tuition Linked

Proportion of Tuition and State Appropriations that Comprise Universities’ General Funds

Source: House Fiscal Agency / HEIDI
Factors in Tuition Price Escalation

Since FY 2001, 80% of tuition price increases are attributable to **state funding reductions**, and nearly 100% when factoring in **institutional financial aid**. (inflation-adjusted, as of FY 2014).

House Fiscal Agency, December 2013
The State-to-Student Cost Shift in Paying for a Public University Education
State disinvestment has resulted in Michigan’s public universities having higher tuition rates.

...but the universities have kept tuition increases lower than the national average in recent years.

*Note: Published Prices, Not Including all forms of Grant Aid

Source: The College Board, 2015 Annual Survey of Colleges
State Financial Aid

- MI 39th nationally in financial aid investment
- 69% reduction in state aid since 2002 (CPI adjusted)
- Shift in the provision of financial aid from the state to institutions
Michigan Student Financial Aid: One-Third the National Average
Universities: Helping to Fill the Financial Aid Gap
When factoring in all forms of grant aid—federal, state and institutional (not including loans), the average cost of attendance at Michigan’s public universities was $13,490 in FY 2014.

*Cost of Attendance includes tuition & fees, room & board, books & supplies, transportation.

Source: U.S. Dept of Ed, IPEDS
Universities Restraining Spending:
Over the past 14 years, spending per resident student has only increased 2.3%
Student Debt

- Student debt – It’s an issue – but not a crisis
- Great Recession – enrollment boom, more borrowing
- In Michigan – nearly 40% of public university grads leave with NO student debt

<table>
<thead>
<tr>
<th></th>
<th>% of Students with Debt</th>
<th>Ave Debt of Graduates</th>
<th>Per Capita Debt of Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Universities-Michigan</td>
<td>61%</td>
<td>$29,142</td>
<td>$17,784</td>
</tr>
<tr>
<td>Public Universities-National</td>
<td>60%</td>
<td>$25,902</td>
<td>$15,486</td>
</tr>
</tbody>
</table>

Source: The Institute for College Access & Success, 2013-14 data
Distribution of Outstanding Education Debt by Average Balance

Source: The College Board, Trends in Student Aid, 2015; 2014 data.
Student Debt Paradox: Smaller the Loan, Higher Likelihood of Loan Default

Percent of borrowers who have ever defaulted, by school-leaving loan balance

Distribution of Student Debt, Actual Vs. Anecdotal Reporting

Source: Hamilton Place Strategies
Institutional Fiscal Stewardship at the State Universities of Michigan

- Group purchasing contracting
  - MI Coalition on Health
  - MI Universities Self-Insurance Corporation
  - Midwest Higher Education Compact
- Organizational realignments, consolidations
  - Position eliminations
- Efforts to boost student success
  - Increased retention, degree completion, reducing time-to-degree
Institutional Fiscal Stewardship: Academic Programming

New and Discontinued Degree Programs at Michigan’s 15 Public Universities, May 2015 through April 2016

<table>
<thead>
<tr>
<th>Degree Program</th>
<th>New</th>
<th>Discontinued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bachelor’s Degrees</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>Master’s Degrees</td>
<td>19</td>
<td>48</td>
</tr>
<tr>
<td>Doctoral Degrees</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>

28 more academic programs were eliminated than were created.
Graduation Rates

• Positive trend, but still room for improvement
• Inadequacy of Federal Graduation Rate data
• All MI State Universities participating in Student Achievement Measure
• New: MI CEPI Student Success Rate
  • Includes part-time students
  • Includes transfers-in and transfers-out
  • Better data, much better graduation rate
    • Avg. Federal Graduation rate: 58.2%
    • Avg. Michigan Success (Graduation) Rate: 66.6%
The U.S. Department of Education unveiled a new College Scorecard in 2015.

The result?

Michigan’s public universities cost below average and return a higher salary compared to national peers.

collegescorecard.ed.gov
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Collaborating to Advance Student Success

- Career and College Readiness Standards*
- Credit When It’s Due (Reverse Transfer)*
- Coalition of Michigan Veterans Educators*
- Detroit Promise Scholarship Program
- Liberal Education & America’s Promise
- Math Pathways to Completion Initiative*
- Michigan Career Pathways Steering Committee*

- Michigan Gateways to Completion Project
- Michigan Transfer Agreement*
- Michigan Transfer Steering Committee*
- Michigan Transfer Network*
- MHEC Commission on Military Credit*
- Implementation of Reaching for Opportunity Report Recommendations*

Asterisks indicate initiatives that the Michigan Association of State Universities (MASU) and Michigan Community College Association (MCCA) are jointly involved in.
Academic Program Partnerships Among Michigan Public Universities and Community Colleges 2015-2016

• Articulation agreements: 596
• On-site baccalaureate programs: 150
• Other relevant academic partnerships: 35
• Classes offered: 1,032
• Students enrolled: 11,944
• Degrees awarded: 2,740
Legislative Priorities

3 PRIORITIES, 2 OVERARCHING GOALS:

- Improve *College Affordability*
- & *Student Success*
  
as at Michigan's World-Class Public Universities

#1: Increase State Need-Based Student Financial Aid
#2: Enhance State Operating Support for Public Universities
#3: Invest in State Capital Outlay for Michigan's Public Universities
Hope for the Future Involving College Affordability & Student Success

• State Level: A sustained period of modest reinvestment in higher education
• Institutional Level: Commitment to need-based financial aid
• Increasing college *preparation* = increasing *participation*
• Sophistication in student retention strategies
• Innovation in instructional delivery
• Pre-college credit (AP, dual enrollment, early college)
Other Topics??

- Workforce Alignment
- Research & Commercialization
- Program Delivery
- Federal Policy
- Credit Transfer
- Public Safety
- Liberal Arts
- College Completion
- Degree Pathways
- Veteran Student Success
- Civic Engagement
- International Education
- Student Outcomes
- K-12 Outreach
Dialogue

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